

NOTICE OF TECHNICAL SESSION

To: Electric Power Division service list of competitive suppliers, distribution companies, and transmission owners

From: Jesse S. Reyes, Legal Division, Massachusetts Department of Telecommunications and Energy

Date: September 7, 2006

Re: Technical Session on SEMA Uplift Costs

The Massachusetts Department of Telecommunications and Energy (“Department”) will conduct a technical session at its offices at One South Station, Second Floor, Boston, Massachusetts 02110, on **September 22, 2006 at 2:00 p.m.**, regarding uplift costs in the Southeast Massachusetts (“SEMA”) load zone. The agenda for this technical session will include background information, identification of options to mitigate costs, ISO-NE cost allocation and identification of potential alternatives, and basic/default service rate treatment. Further written comments may be submitted by October 5, 2006. Attached is a preliminary agenda.

The Department directs all distribution companies to forward this notice to all entities that have participated in their basic/default service procurement solicitations within the past 5 years.

If you have documents to present for discussion, please distribute them to the electronic distribution list prior to the technical session. Should you have any questions about this notice, please advise Ron LeComte, Director, Electric Power Division (Ron.LeComte@state.ma.us / tel. 617.305.3658) or Jesse S. Reyes, Counsel, Legal Division (Jesse.Reyes@state.ma.us / tel. 617.305.3735). All persons planning to attend are requested to send a response to Ron LeComte.

Technical Session on SEMA Uplift Costs
September 22, 2006, 2:00 p.m.
Preliminary Agenda

- I. Background: Identification of costs incurred to date
- II. Identification of options to mitigate SEMA uplift costs
 - A. Quick Start
 - B. Transmission
 - C. Market Rule Changes
 - D. Other
- III. ISO-NE cost allocation and the effect on retail competitive markets and customers
 - A. The impact of the current cost allocation¹ to entities providing service in SEMA
 - B. The impact if the cost allocation was changed to network load
 - C. Other alternatives
 - D. Pros/cons of current cost allocation method versus alternatives
- IV. Treatment of uplift costs in basic/default service
 - A. Proxy/pass-through versus as-bid
 - B. Reconciliation of under- and over-recoveries

¹ It is our understanding that ISO-NE currently allocates SEMA second contingency costs to load service entities on the basis of real-time hourly load share in the SEMA region.